

Message Text

UNCLASSIFIED

PAGE 01 TORONT 01218 122113Z

13-11

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 INT-05 CIAE-00 INR-07 NSAE-00

IO-13 EA-09 COME-00 TRSE-00 L-03 PM-04 NSC-05 SP-02

SS-15 DLOS-06 SAL-01 GSA-02 /092 W

----- 105356

R 121440Z AUG 76

FM AMCONSUL TORONTO

TO SECSTATE WASHDC 3969

INFO AMEMBASSY OTTAWA

USUN NEW YORK 004

UNCLAS TORONTO 1218

E.O. 11652: N/A

TAGS: EMIN, PLOS, CA

SUBJECT: INCO BRIEFING ON SEABED MINING

1. COMMERCIAL SEABED NICKEL MINING BY INCO (INTERNATIONAL NICKEL) CANNOT REASONABLY BE EXPECTED TO BEGIN BEFORE 1985, ACCORDING TO AN INCO BRIEFING FOR AMBASSADOR ENDERS AND ME. INCO, TOGETHER WITH GERMAN, JAPANESE, AND AMERICAN PARTNERS, INITIATED A FOUR YEAR FEASIBILITY STUDY LAST YEAR (AT AN ESTIMATED COST OF DOLS 33 MILLION) WITH THE OBJECT OF ASSEMBLING THE DATA REQUIRED FOR A GO/NO-GO DECISION ON COMMERCIAL SEABED MINING. INITIAL TESTING OF A COMPLETE MINING/PROCESSING SYSTEM IS EXPECTED IN THE FALL OF 1977.

2. IN INCO'S VIEW, OCEAN MINING IN THE FUTURE WILL COMPETE ONLY WITH LOWER GRADE LATERITE PROJECTS IN TROPICAL AND SUB-TROPICAL COUNTRIES AND WILL HAVE "LITTLE OR NO IMPACT" ON EXISTING LAND-BASED OPERATIONS

.
INCO ALSO BELIEVES IT WILL HAVE LITTLE EFFECT ON THE COPPER INDUSTRY, SINCE IT WILL REPRESENT ONLY A SMALL PROPORTION OF THE COPPER MARKET. ON THE OTHER HAND, SEABED MINING WILL PROBABLY HAVE AN IMPACT ON THE COBALT AND MANGANESE INDUSTRIES, ACCORDING TO THE COMPANY.

3. ASSUMING COMMENCEMENT OF COMMERCIAL OPERATIONS IN THE MID-EIGHTIES, THE COMPANY EXPECTS NODULE MINING TO GROW AT -A MODEST UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TORONT 01218 122113Z

RATE" UNTIL AT LEAST THE END OF THE CENTRY, "CERTAINLY WELL BELOW THE

60 PERCENT RATE OF MARKET EXPANSION AND THE LIMIT PROPOSED TO THE UN.

"

IF OCEAN MINING ACCOUNTS FOR 15 PERCENT OF THE TOTAL MARKET IN YEAR 2000, INCO ESTIMATES ITS CAPITAL INVESTMENT AT 15 BILLION CONSTANT 1976 DOLLARS. THE COMPANY EXPECTS THE FREE WORLD NICKEL MARKET WILL BE LARGELY DEPENDENT ON LOW-GRADE LATERITES AND SEA NODULES IN THE 21ST CENTURY.

4. RE LOS, THE COMPANY SAYS AN UNSATISFACTORY OUTCOME COULD CANCEL ALL ITS TECHNICAL DEVELOPMENTS. IT SEES THE MAJOR LEGAL REQUIREMENTS FOR COMMERCIAL SEABED MINING AS/ (A) ASSURED ACCESS TO AREAS CHOSEN FOR EXPLOITATION; (B) A "REASONABLE" TAX OR ROYALTY REGIME; (C) "STABLE" RULES AND REGULATIONS; AND (D) FAIR COMPETITION IF A UN ENTERPRISE IS ESTABLISHED.

5. COMMENT: INCO'S ESTIMATES OF DEVELOPMENT TIMETABLE AND MARKET GROWTH WOULD APPEAR TO CONTRADICT THE 3-5 PERCENT ESTIMATE OF IANADAIN GOVERNMENT AS REPORTED IN LOCAL PRESS. THE INCO FORECAST ALSO BELIES FEARS EXPRESSED IN CANADIAN PARLIAMENT THAT SEABED MINING WILL WREAK ECONOMIC DISASTER ON CANADIAN NICKEL BELT IN NORTHERN ONTARIO.
DIGGINS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SEABED, NICKEL, MINING, REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TORONT01218
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760311-0405
From: TORONTO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760858/aaaabyrw.tel
Line Count: 83
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2004 by ReddocGW>; APPROVED <10 DEC 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INCO BRIEFING ON SEABED MINING
TAGS: EMIN, PLOS, CA, INCO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006